

NOVEMBER 1980 • \$3.00

# Decisions

**Guest Editor Russ Condit**,  
director of media, P&G,  
and some of his heavily  
advertised brands  
page 59

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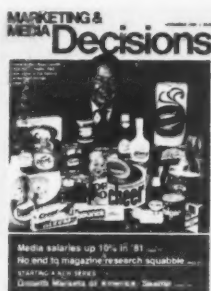
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director of media, Procter & Gamble

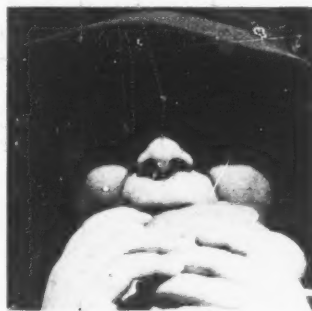
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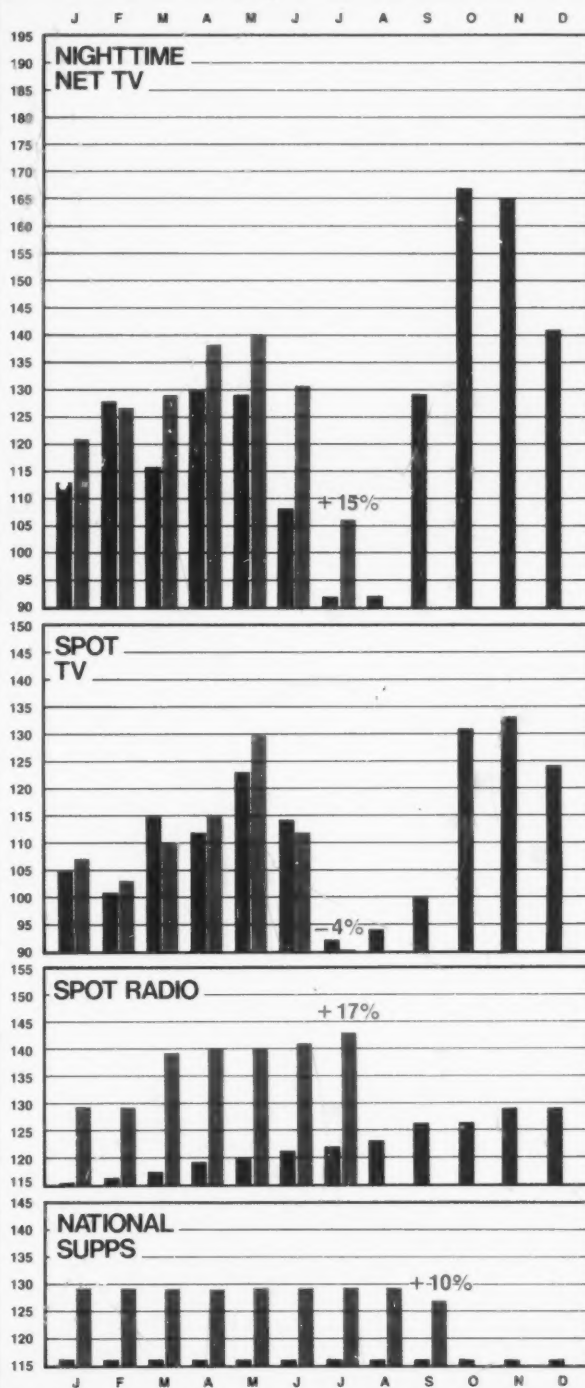
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# MEDIA COST INDEX

Black bars index for 1979; red bars 1980; base year 1977  
Prepared by J. Walter Thompson Media Department



**METHODOLOGY:** The Media Cost index reflects industry reported trends extracted from available published sources. JWT Media Analysis utilized standard competitive report sources to develop comparable unit costs that reflected monthly cost trends by medium. Where industry competitive sources are unavailable, JWT sampled selected cost data from SRDS. Definition of the sources, universe, and media units used follows: **SOURCES-**

**Nighttime Network TV/BAR** estimated commercial minute cost for all Night-time Network TV (6 PM to sign-off). **Daytime Network TV/BAR** estimated commercial minute costs for all Daytime Network TV (Sign-on to 6 PM). **Spot TV/BAR CUME** National Spot TV Report for estimated commercial minute costs for all national and regional Spot TV activity in 75 markets. **Network Radio/BAR** Network Radio Report used to estimate all three network (Exclud-

ing MBS) commercial minute cost. **Attention:** Due to a change in BAR's source for commercial minute cost we are now using Jan. 1979 as a base for new index. **Spot Radio/JWT** estimates based on reported SRDS cost of one minute on one station per market in the top 50 RADI markets. **Consumer Magazines/JWT** estimates based on reported SRDS cost of a P4/C for 30 national consumer magazines based on circulation. **National Supplements**



# Traveler's check war

American Express has dominated the traveler's check market for years. But new entries and revitalized brands are out to dethrone the leader.

For years, American Express has been the undisputed leader in the traveler's check market. But that leadership is being challenged.

Its two largest but distant competitors, Citicorp and Bank of America, are trying to edge up on Amexco's 54% share of the \$25 billion market. Citicorp and Bank of America each claim a 12% market share.

But perhaps the most serious threat to American Express is the entry 1st year of Visa and MasterCard this spring into the traveler's check market.

The attempt to unseat American Express is changing the way traveler's checks are marketed. Traditionally, they have been sold as a safe and convenient alternative to cash. The basic difference between them was the speed and ease of refund if the checks were lost.

The new rivals are changing that. Brand preference and an increased role for advertising are becoming more important.

American Express' \$10 million advertising budget, most of it in television, is no longer the outstanding expenditure in the business. Citicorp recently tripled its ad budget to \$12 million to increase awareness of its checks, and others are spending more wisely or are considering budget increases.

Another sign of the increased com-

**Citicorp introduced new service in August — check ordering by phone. If it creates new business at a profit, others will try it**

petition is additional services check issuers are introducing to make their traveler's checks more appealing.

Citicorp and American Express may soon offer interest on traveler's checks. Typically, banks and check issuers have shared whatever interest is accumulated from the time the check is purchased until it is cashed.

However, most industry observers doubt that rumors of interest-bearing traveler's checks will become reality, saying that Citicorp is using the idea to hold off competition and that American Express is frowning at the concept.

Paying interest to purchasers is unpopular because it eliminates a good portion of the check issuer's profit. In addition, processing costs might reduce the interest so much that it may not be worthwhile either to the issuer or to the traveler's check holder.

Another new service already in the works is check ordering by phone. Introduced by Citicorp mid-August, the system may give the company's traveler's checks an added bonus.

Customers phones in an order using a special password. Then their signa-

ture is electronically printed on the check from a specimen signature held by the bank. The checks are mailed out, and must be countersigned when cashed.

Citicorp's system has come under fire from critics who charge that the system is vulnerable to fraud and theft. They charge that improper signatures could be placed on checks or that checks could be intercepted in the mail.

Citicorp officials, however, have countered that abuse will be no greater than it is under the current system, in which the customer must countersign the checks before leaving the bank where purchased.

Despite the increased competition, observers doubt that anyone will be able to dethrone American Express.

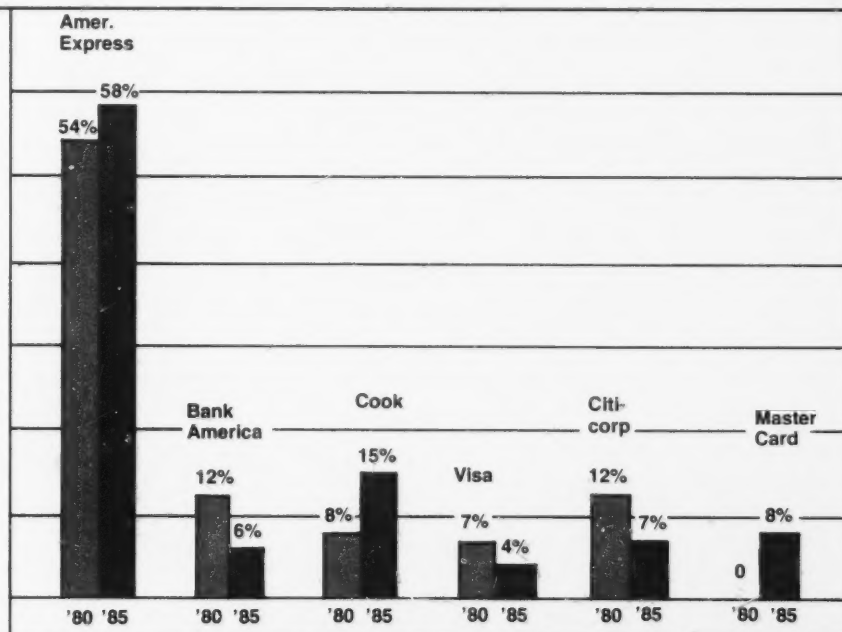
"There isn't anything the competition can do that American Express can't do," said Spencer Nilson, editor of the *Nilson Report*, a credit industry newsletter.

Nilson has projected that American Express will expand its 54% market share to 58% by 1985 while Bank-America's current 12% share will slide to 6% and Citicorp's 12% share will drop to 7%. For Visa, the relative newcomer to the market, he predicts a drop to 4% in 1985 from a current 7%. MasterCard's future is bright, he

Continued on page 132

## Projected market shares 1980-1985

Market predictions show that American Express will not only continue to dominate the market but expand its share. Other traveler's check contenders will lose strength despite more aggressive marketing. Growth is expected, however, from MasterCard's forthcoming entry into the market. Projections were made by Spencer Nilson, editor of the *Nilson Report*, a credit industry newsletter.



# Finding good people starts with the specs

**Simmy Sussman, personnel specialist, offers some sound advice to marketing and media people who have a people problem — and who doesn't currently? On facing page, her update of price ranges for key marketing and media jobs in agencies and companies. They haven't changed much since her last report in August 1979, but it's significant that company side salaries are rising fastest.**

**S**taffing is a major problem today all over the country. Whether it is the advertiser looking for people or the advertising agency looking for people, the critical factors are communicating properly with personnel specialists as well as job seekers — and vice versa.

Here is some advice on how best to go about the search for new people, based on my experience as a placement specialist.

It all starts with the company or agency that needs help.

A job requisition will come from either the person responsible for hiring a particular person, or it will come from the personnel department of the corporation or the advertising agency. The most critical part of the job, as far as a good agent is concerned, is getting absolutely clear specs on what is required. It is very important for the person giving the job requisition to the agent, to make their needs as clear as possible so that very little time and energy is wasted.

Each job is unique unto itself. Each description is one that cannot be used in another situation. We are dealing with various people, various personalities, who reports to whom, what type of person is required for the job, what type of personality is required, what kind of business the job pertains to. There are many many factors that are involved in the screening process in order to find the ideal, or as close to ideal, candidate as can be found.

An agent's job is to save the client time.

A key factor in time-saving is for the personnel within the organization,



**Simmy Sussman**

other than the personnel department who are involved. Personnel departments of many corporations and advertising agencies are many times overworked, and it is difficult to determine which jobs take priority. Therefore it is incumbent upon those people who require personnel throughout the company to make their needs known to the personnel department in detail.

In many instances we have seen clients waiting weeks before they, in turn, would see one or two candidates, because the work load of the personnel department is such that candidates who are calling for appointments in Personnel don't get seen for a week or two, and then, before they see the person who is responsible for hiring, a week, two weeks, three weeks, a month could go by. Not only that; in many instances the Personnel Department is doing as good a job as they are capable of doing for their own company, but they truly don't understand each and every intricacy of each and every job.

So, the screening process that may go on from the personnel department may be one that is very important in eliminating some candidates that may be seen by the person doing the hiring, but the person doing the hiring must make their needs known to the personnel department so that they can also do a far more effective job for them.

It is a known fact, however, that when an order is given directly from the person responsible for doing the

hiring, whether it is the president of the corporation or any member of management, there is no question that candidates are seen far sooner, and with much more alacrity, than if candidates must go through personnel departments.

That of course is a question of time and one's own priorities. It also is a question of whether or not the company chooses to have their executives involved in the hiring process from the beginning. There are many ways to accomplish the hiring process, but the quickest way is when the person involved in hiring gets involved in the personnel function.

I must say, at this point, that I am not looking to step on anyone's toes in making such a blaring statement as I just have. But it is very important for everyone involved, because the personnel function and the function of finding qualified candidates for each and every company is a giant process in all phases of advertising.

Personnel departments, in many instances, must unblock themselves from corporate paranoia in trying to get this job well done. I am not saying that every Personnel department in every corporation in America is paranoid. But many personnel people are afraid of letting agents work directly within the departments of the company, because agents have been known to abuse this privilege.

The agent's best friend is actually an effective, well-run personnel department. This can be the main conduit for information about job needs. The personnel departments in companies must be very visible within their own organizations. The relationships that they maintain with their executives have to be such that they know every nuance of each and every executive's personality, so that they, in turn, can find right people more quickly for them.

It is also incumbent upon the personnel managers and people in hiring capacities to maintain good relationships with agents throughout the year, because many times one can get good information about a new candidate coming into a marketplace, people who are actively looking throughout the country, that they would not be aware of. ■

# Media and marketing salary ranges — October 1980

## Major 4A advertising agencies

### MEDIA

|                                                     |                        |
|-----------------------------------------------------|------------------------|
| 1. Senior vp-executive director of media operations | \$70,000. — \$100,000. |
| 2. Senior vp-director of media services             | \$60,000. — \$ 85,000. |
| 3. Vp-director of local broadcast management        | \$45,000. — \$ 70,000. |
| 4. Senior vp-associate media director               | \$40,000. — \$ 55,000. |
| 5. Vp-assistant media director                      | \$35,000. — \$ 45,000. |
| 6. Assistant media director                         | \$23,000. — \$ 32,000. |
| 7. Vp-buying supervisor                             | \$30,000. — \$ 40,000. |
| 8. Buying supervisor                                | \$22,000. — \$ 33,000. |
| 9. Director out of Home media                       | \$25,000. — \$ 60,000. |
| 10. Media planner                                   | \$12,000. — \$ 25,000. |
| 11. Media buyer                                     | \$14,000. — \$ 23,000. |
| 12. Assistant media planner                         | \$ 8,000. — \$ 12,000. |
| 13. Assistant media buyer                           | \$ 8,000. — \$ 12,000. |

### MEDIA RESEARCH

|                                               |                        |
|-----------------------------------------------|------------------------|
| 1. Senior vp-director                         | \$50,000. — \$ 75,000. |
| 2. Associate director of research information | \$30,000. — \$ 50,000. |
| 3. Media research supervisor                  | \$18,000. — \$ 25,000. |
| 4. Media research analyst                     | \$12,000. — \$ 18,000. |

### BROADCAST

|                                 |                        |
|---------------------------------|------------------------|
| 1. Senior vp-associate director | \$60,000. — \$ 90,000. |
| 2. Vp-associate director        | \$40,000. — \$ 65,000. |
| 3. Vp-program director          | \$35,000. — \$ 60,000. |
| 4. Account executive            | \$25,000. — \$ 40,000. |
| 5. Syndication specialist       | \$25,000. — \$ 50,000. |
| 6. Broadcast assistant          | \$12,000. — \$ 18,000. |
| 7. Staff assistant              | \$10,000. — \$ 12,000. |

### COMPUTER APPLICATIONS (MEDIA)

|                                 |                        |
|---------------------------------|------------------------|
| 1. Director                     | \$35,000. — \$ 60,000. |
| 2. Program & systems supervisor | \$25,000. — \$ 47,500. |
| 3. Programmer                   | \$18,000. — \$ 25,000. |

Compensation package applicable to those at v.p. title and above includes:

|                                                                 |                       |
|-----------------------------------------------------------------|-----------------------|
| Deferred compensation                                           | \$5,000. to \$20,000. |
| Management bonus                                                | \$5,000. to \$60,000. |
| Stock options                                                   | 100 to 2,000 shares   |
| Restricted stock                                                | 100 to 1,000 shares   |
| Profit sharing: % depending upon agency from 10% up to maximum. |                       |

Other benefits: Company car (new car every two years); club dues, assessments, and expenses fully paid; all medical and dental bills 100% reimbursed; company paid financial advisory service; savings plan — company contributes 20¢ to 50¢ for every \$1.00 invested, plus interest.

## Major Corporations

|                                 |                        |
|---------------------------------|------------------------|
| 1. Vp.-marketing services       | \$50,000. — \$ 85,000. |
| 2. Vp.-advertising services     | \$32,500. — \$ 60,000. |
| 3. Vp.-corporate communications | \$35,000. — \$ 65,000. |
| 4. Media director               | \$45,000. — \$ 60,000. |
| 5. Associate media manager      | \$25,000. — \$ 45,000. |
| 6. Group head                   | \$22,500. — \$ 40,000. |
| 7. Network negotiator           | \$25,000. — \$ 48,000. |
| 8. Manager spot buying          | \$30,000. — \$ 45,000. |
| 9. Media planner/buyer          | \$11,750. — \$ 25,000. |

Compensation package applicable to those at v.p. title and above includes:

|                       |                        |
|-----------------------|------------------------|
| Bonus                 | 0 to 30% at all levels |
| Deferred compensation | discretionary          |
| Management bonus      | discretionary          |
| Stock options         | discretionary          |

Other benefits: Tuition refund (depending upon corporation); profit sharing, where applicable; 100% medical and dental coverage, when applicable.

Source: Survey by Jimmy Sussman

### New Decisions Jury of Media Opinion

This is the first of a continuing series of survey reports we will publish based on replies from *Marketing & Media Decisions*' newly-developed "Jury of Media Opinion." We have selected as the base of the panel the media directors of those agencies in the upper billing ranges. Any of our media director readers who would like to join are welcome.

# Media pay will rise only 10% in '81

First report from new panel of agency media experts puts finger on how media directors price their people. Raises in 1981 won't even keep pace with inflation. To get \$30,000 takes 10 years of experience. For additional views on salary trends see preceding report by Simmy Sussman.

## Does your agency offer compensation benefits other than salary?

|                       | YES        | NO  |
|-----------------------|------------|-----|
| Deferred compensation | 13%        | 87% |
| Profit sharing        | 84%        | 16% |
| Pension plan          | 49%        | 51% |
| Stock options         | 47%        | 53% |
| Medical plan          | 93%        | 7%  |
| Dental plan           | 44%        | 56% |
| Other                 | (see text) |     |

Most people in media departments will be in for a 10% increase in salary next year.

This figure shows up most often in the returns from a questionnaire sent to *Marketing & Media Decisions*' new "Jury of Media Opinion." We wrote to the media directors of approximately 150 agencies in the top income bracket and received 61 usable replies.

The general implication was that the increases indicated were "across the board," but some suggest that the increase was a budget — and not an individual — increase. There are enough agencies contemplating merit raises only to keep media specialists on their toes. Note the following replies:

"If people deserve an increase, they should get it."

"Planned at 10% but I have control to appeal to management for more money to cover individual situations."

"Good people will get at least 10% raises; poor performers will be 'attritioned out.'"

"For overall budget, 8%-10%. However, disbursement by individual is up to me."

"Seven percent — but the method of control is to increase the salary of best people only."

One cogent remark with respect to the salary situation which bears reporting: "The final level will depend upon the percent of media department salary costs to agency revenue — not billing. This is the control used to determine how much is available for media personnel. The more productivity, the larger the increase that can be justified."

#### Hold-the-liners

Inflation and the government's guidelines show up as control factors, which could be "cop-outs" on the part of management to hold increases to the letter of the law. Responses along this line include:

"Try to stay within guidelines — this is hard since 1980 was within guidelines also."

"About in line with inflation — not controlled by media director."

"Probable 10% to keep up with inflation."

"The economy has a real impact."

"Lesser people get merit raises plus inflation on occasion. Pressure continues to raise salaries despite the economy."

#### Who's in charge?

Do media directors have any control over increasing salary costs? The answers received from our jury presented a mixed bag of opinion. Here are some of them:

"Have control in *exceptional cases* for those with unusually high contribution levels. Will probably have to live with a flat amount available."

Here is an unusual reply: "We can control the increase only by allowing the more tenured to leave for a new place and promoting juniors. Not the best solution though."

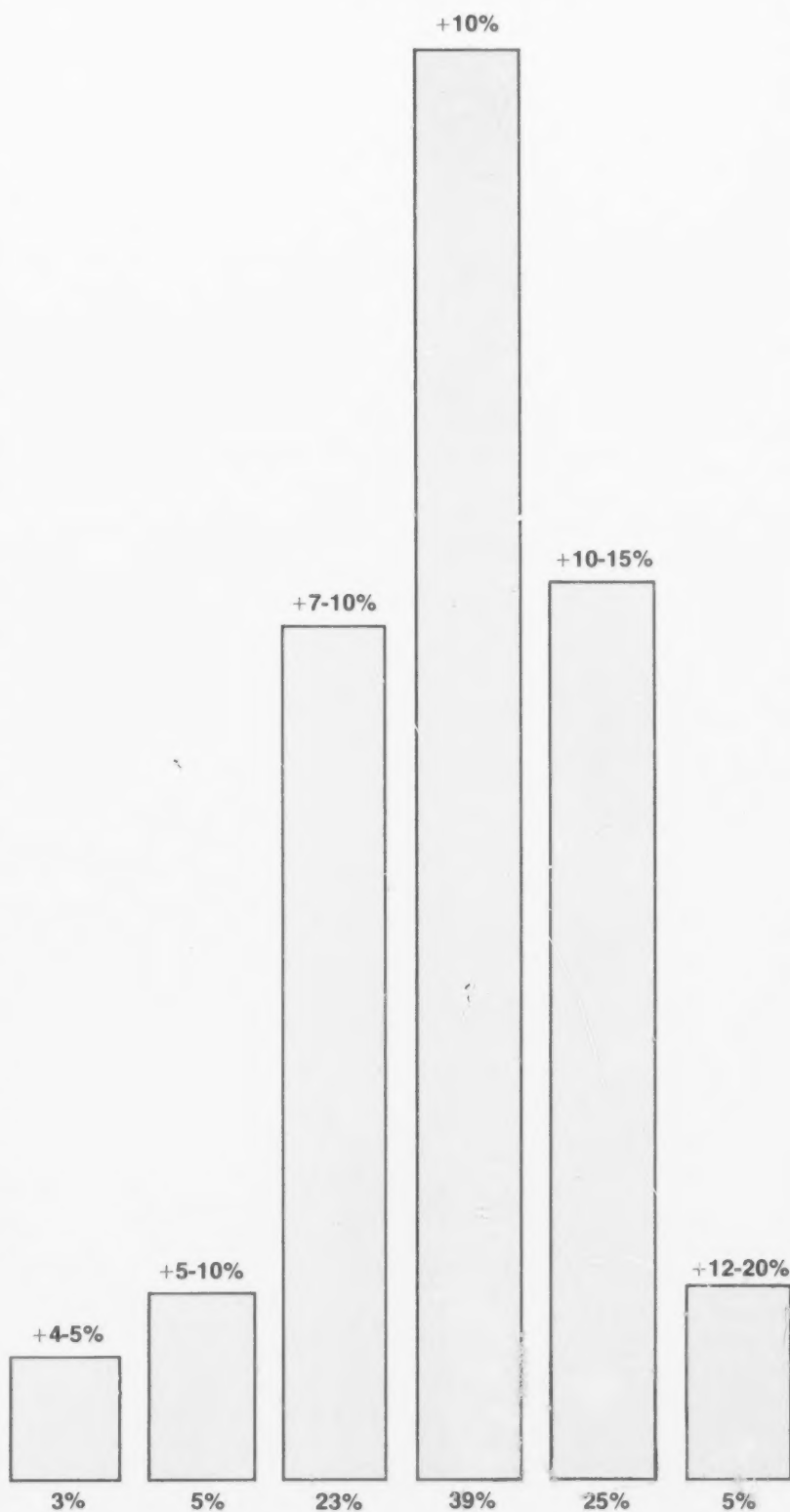
Other replies included:

"My control is basically recommending the raise, and why, to the executive vp. To date, I've had no problem in getting these increments approved."

"My method of control is to increase the salary of the best people only."

"We can't control it too much —

## Most respondents expect media salaries to rise 10% in 1981



Percent of respondents in each increase range

have to keep up with the industry."

"I can't control it — the money people (top management) do."

"I have no control other than determining which individuals receive raises."

And here is a shocker of an answer: "Control is by having fewer people do the work." This fits in with another opinion: "Salaries will increase as media departments keep a lean staff of good professionals."

And let us not overlook this response: "Compensation needs are rising faster than our ability to automate or find shortcuts to eliminate staff and their salaries."

"No. I have no control other than determining which individuals receive a raise. The amount is determined by management."

## In addition to pay checks . . .

Actual dollars are one thing. But compensation these days includes fringe benefits. The accompanying chart shows this graphically, but here's the gist of what we found.

Deferred compensation showed up in only 13% of the cases. And one can assume that this was available only for the upper echelon. Profit sharing beat out pension plans by a wide margin. Of the agencies responding, 84% said this fringe benefit was given to employees. Pension plans were about evenly divided — 49% yes and 51% no. Stock options (again probably for the top people only) showed 47% yes and 53% no.

Most, but not all, are covered by a medical plan — 93% yes and 7% no. Dental plans have not yet become as

popular a fringe benefit — 44% yes and 56% no.

We also asked what "other" fringes were offered: The most often reported were club dues (including association memberships) and company cars (at the top level). Other mentions included parking, year-end bonus, medical prescription plans and savings plan. None, however, were mentioned often. It was expected that life insurance might turn up (although we didn't ask about it specifically) but it did not.

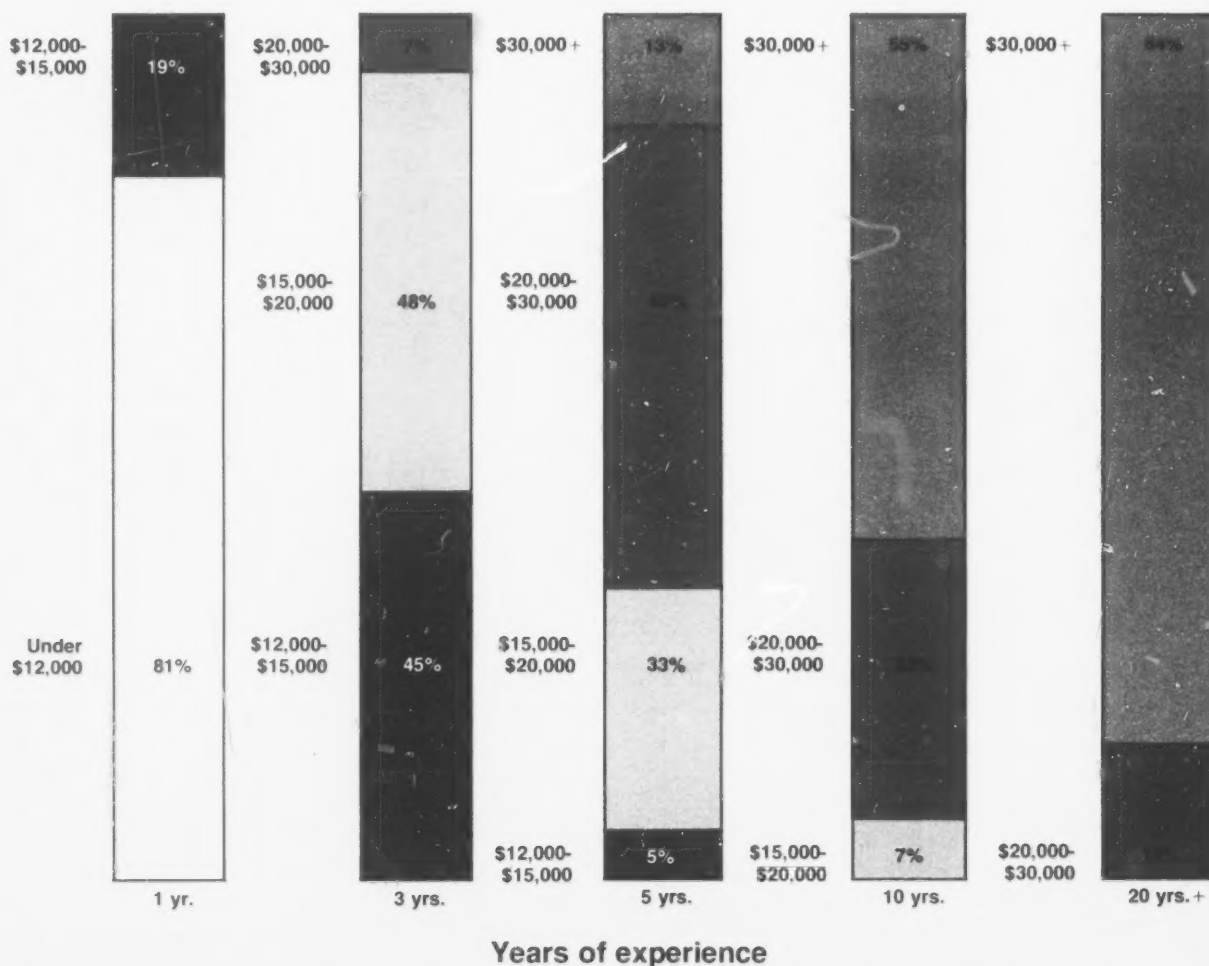
Here are other thoughts along the same line:

"Media salaries have lagged behind creative and account service for some time, but are now beginning to catch up."

"Salaries are inadequate for the re-

Continued on page 134

## Percent of media people in each salary bracket by years of experience



sponsibility. But they are increasing with the growing importance and complexity of media."

"They're getting paid higher salaries, and fringe benefits are becoming more prevalent."

"Demands of the business are calling for increased compensation. Fringe benefits should be used more."

"We need to be competitive with account service salaries to retain good people."

And this response reflects on earlier opinions: "Lots more money for fewer, better people."

### **The positives**

Continuing with the responses on the favorable side we have these:

"The compensation levels have increased quite steadily recently. It makes 'paying your dues' more tolerable. All this is encouraging as it has started to draw people who otherwise may have chosen other career alternatives because of disparity in income."

"Media positions have traditionally been on the low side. This is especially true in small-to-middle-size agencies where the media people wear many different hats. Also, there should be some form of compensation when a media professional is responsible for bringing in new business."

But every media director does not see the light at the end of the tunnel as brightly as those quoted previously. To wit: "As has been the case for years, we tend to underpay the brighter young people within the agency and overpay when we hire from outside."

"Still not enough agency management acceptance of the media department's worth/value."

"Agency management still does not regard the media function highly . . . The 4<sup>As</sup> averages are the rule."

### **Cautions for job-seekers**

Media people (experienced and beginners) might take a hard look at themselves in the light of the following remarks:

"People being interviewed, regardless of position, are asking for salaries which are inconsistent with their experience and skills."

"Expectations of younger people are unrealistic in terms of present level

of expertise." No solution, however, to this problem was offered. It's just something that media directors are worried about these days.

"From what I've seen, specialists are demanding disproportionate compensation levels. Perhaps this is to compensate for their specialty which can leave them out on a limb if there is a situation change."

"We are seeking to emphasize quality over quantity. Many detail tasks have been computerized, eliminating the need for clerical people."

How do media directors look at the need to pay increasingly more for their people? Here are some responses from our panel:

"In order to keep a first-rate staff I find it necessary to pay at the top of the scale."

"The lack of upper middle, middle and top media management could force substantial jumps in salary for qualified personnel."

"There is a tendency to delay the effective date of the increase. But if people are to be retained, they must be compensated."

### **Effect of computerization**

Here is a comment that negates somewhat the findings about new kinds of people needed in the media department. "Since the advent of the computer in evaluating journals, it seems the more capable, ambitious young people are not attracted to media positions."

But read on and note these extracts from our media director panel.

"Have added a computer specialist."

"Need people to work with computer research."

"Computer-oriented people."

"Increased need for people who feel comfortable with computer hardware and software."

"Will begin looking for people who seek media careers but who also have rudimentary knowledge of data processing."

### **Worries**

Competitive pressures from other agencies or other sources of employment loom heavy on the media director. In general we found that "good people are hard to find" and "you've got to pay to keep them. Their replacement will also cost more." To

these comments let us add: "Very good media people are few and far between. Replacements and new hires are at the junior level."

One media director adding to this brought up the point of recognition: "Salaries are increasing rapidly due to the demand against a relatively small supply of people."

"However," he continued, "salaries are still lower than account service for the same number of years of experience and level of contribution. This business still does not invest its dollars proportionately in the media area as it does in account service and in the creative department."

On more than one occasion the value of the media department as a productive function of the agency crept into the replies. The reaction went both ways: "Management is not recognizing media's worth; not considering the contribution of the media department as being valuable."

"The business is increasingly becoming more complex, requiring media expertise to handle the investment of vast sums of money. Account people can't understand the intricacies of media which forces them to rely heavily on media's direction. But media salary levels are not keeping up with media's new importance."

But there is a better story in some of the following remarks about people in general. It may be a sad commentary on the available work force, but this is what several of the media directors we contacted are saying.

"Need people who are willing to work. We are getting too many people who are not willing to put time in required to do a good job."

"Turnover in media personnel costs time, effort and experience. Therefore, to keep talented low-level and experienced upper-level people, salaries are and must continue to be raised quickly; weak personnel are being weeded out quickly. The higher-paid (better) people are being asked to work harder, longer and produce more quality work than ever before."

But, to end on a happy note, one California agency media director said: "I see a trend toward longer vacations sooner, more holidays and faster promotions in terms of title and responsibility." ■

# SOUTH BEND **Tribune** **SHEDS MORE LIGHT**

Daily delivers  
better "ratings"  
in a market  
greater than  
several entire  
States!

Daily delivers  
more in any age bracket

|       |             |
|-------|-------------|
| 66% — | 18 — 34     |
| 74% — | 35 — 49     |
| 80% — | 50 — 64     |
| 79% — | 65 and over |

Daily delivers  
more of any income group

|       |                   |
|-------|-------------------|
| 79% — | \$25,000 and over |
| 76% — | \$15 — 24,999     |
| 69% — | \$8 — 14,999      |

Daily delivers  
more at any education level

|       |                          |
|-------|--------------------------|
| 78% — | part College or more     |
| 73% — | High School graduate     |
| 66% — | part High School or less |

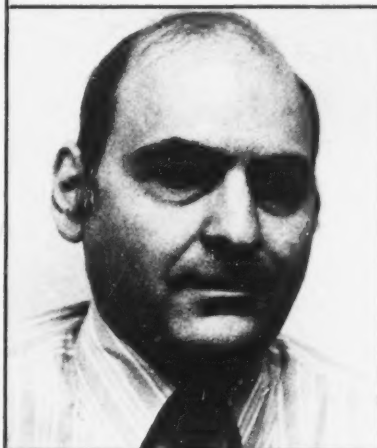
Source: Belton CMS May-July 1979

## South Bend Tribune

Albert E. Petersohn, General Advertising Manager  
South Bend, IN 46626 • 219/233-6161  
Represented by Story & Kelly-Smith, Inc.

## AS THEY SEE IT

**MEDIOLOGY**  
by ED PAPAZIAN



### Newspapers and shoppers: important area for analysis

In the course of an investigation I was making recently about people's shopping habits, I came across some interesting findings in the 1979 Simmons Market Research Bureau Study of Media and Markets. The data deals with newspapers, and by implication, it seems to support the premise long held by many that this medium has an extra powerful impact on or just before peak shopping days.

In its 1979 study, SMRB asked adults when they normally did their major food shopping (by day of week) and came up with these findings. Approximately one-fourth named no particular day, but the remainder focused sharply on Thursdays, Fridays, and Saturdays (10%, 14% and 14% respectively).

Not surprisingly, the demographics of major food shoppers varied considerably by day of week. For example, the Monday, Tuesday, and Sunday

shoppers were much younger and somewhat higher on the socioeconomic scale than mid-week shoppers. Indeed, the age, education, and income statistics for adults who do their main food shopping on Wednesdays and Thursdays reveals a predominantly middle-aged and older group as the dominant force, but the pattern changes as we move to Friday and Saturday.

Percent of adults who  
do their major  
food shopping  
on a particular day

|              |       |
|--------------|-------|
| MONDAY       | 3.1%  |
| TUESDAY      | 2.8%  |
| WEDNESDAY    | 5.3%  |
| THURSDAY     | 10.2% |
| FRIDAY       | 13.8% |
| SATURDAY     | 13.6% |
| SUNDAY       | 2.2%  |
| NO USUAL DAY | 24.4% |

SOURCE: "Day usually shop" from Simmons Market Research Bureau 1979 Study of Media and Markets

Proportion of adults  
who do their major food  
shopping on a particular  
day who read newspapers

|              | % Reading<br>Daily Papers<br>Yesterday |
|--------------|----------------------------------------|
| MONDAY       | 66                                     |
| TUESDAY      | 68                                     |
| WEDNESDAY    | 76                                     |
| THURSDAY     | 77                                     |
| FRIDAY       | 72                                     |
| SATURDAY     | 70                                     |
| SUNDAY       | 68                                     |
| NO USUAL DAY | 67                                     |

SOURCE: "Day usually shop" from Simmons Market Research Bureau 1979 Study of Media and Markets

If one were to examine the above demographics and use simulation methods to predict newspaper readership, there would be little differentiation. The fact that Monday shoppers

are much younger than their Wednesday counterparts would be off-set, in part, by their higher incomes and educations. So it is unlikely that one would predict higher or lower newspaper readership based exclusively on such distinctions. Yet, interestingly, when Simmons actually asked the question, differences *did* show up. There is a noticeable peak in daily newspaper readership (more exactly, the previous day's readership.) For adults who do their major food shopping on Wednesdays and Thursdays.

This is the item that really caught my eye — the marked bump in newspaper readership for Wednesday and Thursday food shoppers. It raises intriguing questions. For example, do audience statistics mask a much greater dependency of certain segments of the population on the daily newspaper? The shopping day concept in newspapers is a time-honored tradition most markets have their "best food day" issues packed with ads highlighting sales.

But the advent of weekend shopping and greater involvement by men is an important new element in the modern marketing mix, and the role of the newspaper must be changing to accommodate them. I wonder whether the medium is exploring this area with new research so many of us who were weaned on media in the 1960's and early 1970's can update ourselves about newspapers. And not just dailies.

What about weekend papers? What kinds of readers shop them for what kinds of products? How do various kinds of ads function in these environments? Can the national advertiser, who relies so heavily on tv and magazines to carry his message to the consumer, use newspapers more effectively to tell him when and where to buy his product? What lessons can be learned from retail advertising on this score?

I know I'd be interested, and I'm sure that a lot of others would be, too.

## MARKETING

by JOSEPH OSTROW

exec. vp-director of communications services, Young & Rubicam.



## Media is for dullards

The enormous attention that is being showered upon the new electronic media along with other media developments that are anticipated during the 1980's serve also to put a sharper focus on the media function at advertising agencies.

For many years, there has been a polarity of sorts, relative to how agencies and clients evaluate the efforts of agency media personnel. In its most limited form, these individuals are viewed as highly clerical, numbers oriented people who possess little imagination and perform a necessary but not overly pivotal function. At the other extreme are those with a fuller appreciation of the potential contributions that a media person can make to the agency and to the client's products or services.

In some quarters, there has even been confusion as to what sophisticated media planning and buying represents. It can be viewed primarily as expertise with sophisticated analytical systems and computer programs. While these are certainly important tools for the media planner and buyer, they do not represent the primary focus of all media thinking. Were this the case, then media departments would be air-conditioned computer rooms with messengers delivering input and forwarding output.

There are others who sometimes grudgingly acknowledge media expertise as it relates to the functions of

### Demographic composition of adults who do their major food shopping on a particular day

|              | %<br>Female | %<br>18-34 | %<br>50+ | % 1 + Yrs.<br>College | %<br>25,000+<br>Income |
|--------------|-------------|------------|----------|-----------------------|------------------------|
| MONDAY       | 69          | 45         | 37       | 35                    | 25                     |
| TUESDAY      | 60          | 41         | 38       | 33                    | 24                     |
| WEDNESDAY    | 70          | 30         | 48       | 26                    | 18                     |
| THURSDAY     | 68          | 29         | 48       | 29                    | 26                     |
| FRIDAY       | 68          | 34         | 40       | 24                    | 22                     |
| SATURDAY     | 60          | 39         | 33       | 29                    | 27                     |
| SUNDAY       | 60          | 50         | 27       | 37                    | 33                     |
| NO USUAL DAY | 61          | 44         | 33       | 36                    | 26                     |

SOURCE: "Day usually shop" from Simmons Market Research Bureau 1979 Study of Media and Markets

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“As long as the client receives the audience weight paid for, outside influences remain just another alternative rather than a threat.”

lines must be redefined as this “personal” viewing becomes predominant. The availability of more channels, both through FCC allowances and cable and pay tv, has complicated measurements considerably (due to “splintering” of audiences). But history has proven that the best programming (measured by audience preference) prevails and will continue to be viewed.

Those clients unable to take advantage of “new” vehicles generally are confronted with a budget problem and can just provide enough dollars to maintain a minimal acceptable weight level.

As long as the client receives the audience weight he/she pays for, the outside influences remain just another alternative rather than a threat.

What should advertisers do?

Take advantage of charter advertiser pricing in syndicated programs and cable tv networks, providing the required target audience demographics and program environment are available. Examples are:

**1. ESPN — Entertainment Sports Network** — For male oriented products provides an inexpensive approach to reaching the sport “fanatic.”

**2. “Your New Day” with — Vidal Sassoon** — For advertisers desiring a quality daytime television program aimed directly at female viewers.

**3. A do-it-yourself car care program syndicated nationally** — with the primary purpose of building car maintenance awareness.

In summary, we/you should continue to explore other avenues for delivering the advertising message. We should not lose sight of quality programming and bow to selection by cost per thousand only. Advertisers have spent too much money to maintain their “quality image” and difference in product results for them to succumb to the mass produced, miscellaneous shotgun approach. ■

**MEDIA RESEARCH**  
by **BERNARD GUGGENHEIM**  
sr. vp, group director  
Media Information Services  
Campbell-Ewald, Detroit.



## The sky is falling — part 2

Some of you are aware that the prime network television share of viewing households has gradually been eroding and some have asked, “Is the sky really falling?” “Why is it falling?” — And, “If it is falling, will it continue to fall?”

The title of this article comes from a fairy tale called, “Henny-Penny”. The story opens as follows: “One day Henny-Penny was picking up corn in the rickyard when — whack! — an acorn hit her upon the head. “Goodness gracious me!” said Henny-Penny; “The sky’s a-going to fall; I must go and tell the King.”

Well, this story isn’t a fairy tale, and the sky isn’t falling; but we certainly don’t want to get hit on the head by a falling acorn. And that’s the point of the story.

First of all, some facts.

A review of the four-year trend in prime time network share (Table 1) indicates for virtually every month a gradual erosion of the network share of household viewing audience. This erosion is most pronounced in the second half of the broadcast year (March-August) — and is particularly bad in the June-August period.

Over this same period, HUT levels have fluctuated slightly and, in fact, tend to be up a little bit in the 1979-80 broadcast year, so viewing levels in general haven’t changed; but rather the

disposition of the viewing has shifted.

An analysis of the Nielsen Multi-Market Network Area Reports (MNA) reveals some striking information. On Chart #1 three factors are displayed for the Mon.-Fri. 9:00-9:15 PM time period — The three network share, the remainder share, and a total, which exceeds 100. The network share figure is self-explanatory. The remainder share figure is actually composed of non-network viewing and network viewing of persons in the MNA area who view network stations outside of the primary MNA area. While this “remainder” includes some network viewing, its major component is non-network viewing.

The total of these two shares in effect approximates the ratio (index) of SIU to HUT. (SIU or sets-in-use is a term which has long fallen into disuse.) Shares are computed by dividing the household viewing audience of a program by the HUT levels. However, if a home has two sets and both sets are on at the same time but tuned to different stations then Nielsen counts each set as a viewing household in computing program ratings — but only counts that home once in the computation of the HUT. (By the way, that’s the reason shares can total more than 100%).

The MNR Reports are the only reports produced by Nielsen which show the size of the non-network viewing levels and, therefore, approximate sets-in-use levels can be derived (“approximate” because it still understates the true SIU level).

The point of all this is that there hasn’t been any change in the index of sets-in-use levels to HUT over the last three years. There is some slight falloff — 2 to 3 points — in the index of sets-in-use from October to July, which is understandable given the weather and the fact that individual members of the household are more apt to be out of the home. Thus with fewer individuals in the household there is a lower probability of multi-set usage.

The most significant finding of this analysis is that there has been a striking increase in “non-network” shares in October as well as in July over earlier years.

There are a number of hypothesis to explain these viewing pattern changes.

The first that comes to mind is the growth of cable, pay cable and on-air subscription television (stv). Basic cable imports independent television signals into markets and broadens program availability. Pay cable and stv divert audiences to non-commercial television. Right now these new media forms — at slightly over 20% household penetration — have not had a major impact on network shares.

Improved programing by the Public Broadcasting System and independents are a factor and non-network sports programing telecast may also be diverting audiences.

Local network affiliates appear to be more predisposed to pre-empting their network feeds in prime time.

There is no question that each of these factors, as well as others are contributing to the erosion that we see below.

**It's not that people are turning away from television** — it's anything but that. (In fact, basic cable homes view 15% more than non-cable homes, and pay cable homes 20% more.) It's simply that they are making difference choices. They are getting "picky" — and there is no question that as viewing options increase they will continue to get even "pickier." And it's a problem that we are going to have to live with as media researchers and buyers and planners.

It's a problem because we have to forecast the future when we buy television. If we are not aware of the underlying trends and the factors affecting these trends, we will be unable to make accurate projections of the viewing audience to an 8:00 p.m. show telecast on a Monday night in July.

A major problem in the prophesy business is telling a fluctuation from a

trend. All we want to do now is turn on the early warning system and look out for falling acorns.

Henny-penny said she must go and tell the King but got so wound up in telling all the other animals in the farmyard that the "sky was falling" that "she never told the king the sky was falling!" In retrospect that was a smart move!

The fact is that between the 1976 and 1980 broadcast years the average network household rating dropped about 0.3 rating points.

An acorn fell! The sky hasn't fallen — yet; but we better keep watching so that we can tell the king if it occurs.

*Editor's note: Helen Johnston's column last month was concerned with the eroding share of network audience. She referred to the same fairy tale to illustrate the problem.*

## Trends in prime time three net share (Average % per month)

(Table I)

Mon. - Sat. 8:00 - 11:00 PM, Sun. 7:00 - 11:00 PM

September 1976 - August 1980

|                             | SEPT. | OCT. | NOV. | DEC. | JAN. | FEB. | MAR. | APR. | MAY  | JUN. | JUL.  | AUG.  |
|-----------------------------|-------|------|------|------|------|------|------|------|------|------|-------|-------|
| <b>Broadcast Year</b>       |       |      |      |      |      |      |      |      |      |      |       |       |
| 1976 - 1977                 | 88.5  | 94.5 | 93.8 | 92.0 | 92.8 | 93.8 | 92.5 | 90.8 | 87.3 | 86.4 | 87.5  | 87.0  |
| 1977 - 1978                 | 90.3  | 96.3 | 94.0 | 91.8 | 93.0 | 93.8 | 91.3 | 90.4 | 87.3 | 85.8 | 85.5  | 83.6  |
| 1978 - 1979                 | 92.0  | 94.8 | 91.5 | 89.0 | 92.0 | 93.3 | 89.8 | 88.4 | 86.8 | 84.2 | 85.0  | 83.6  |
| 1979 - 1980                 | 91.0  | 92.5 | 92.3 | 90.2 | 90.0 | 91.3 | 87.3 | 87.0 | 84.0 | 80.2 | 81.0* | 79.7* |
| 1980 - 1981                 |       |      |      |      |      |      |      |      |      |      |       |       |
| <b>Change in Share From</b> |       |      |      |      |      |      |      |      |      |      |       |       |
| 76/77 to 79/80              | +2.5  | -2.0 | -1.5 | -1.8 | -2.8 | -2.5 | -5.2 | -3.8 | -3.3 | -6.2 | -6.5  | -7.3  |

(Chart #1)

## Multi-network area share analysis Monday-Friday Evening 9:00-9:15 PM

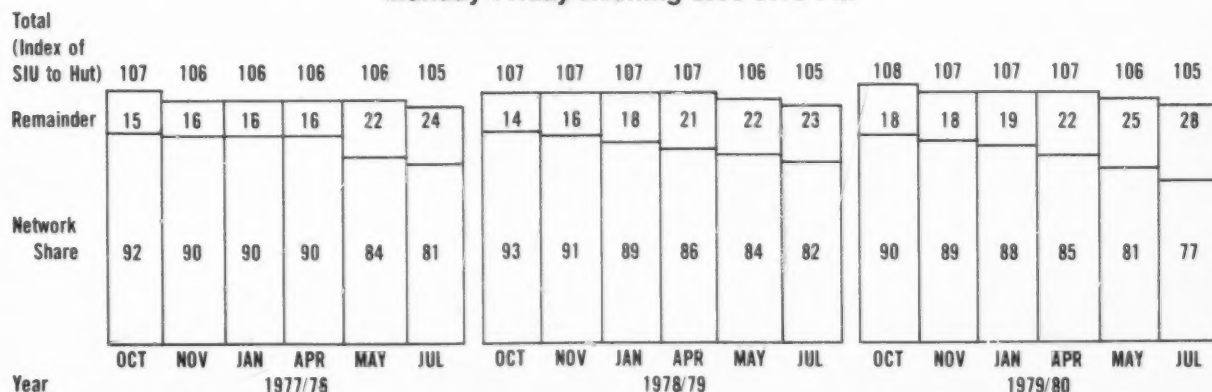




Photo by Kitty Dawson

## Brand Report 59:

# Fast Food

After a decade of speedy growth, the fast food industry has suddenly hit hard times. The sour economy, higher prices for hamburger meat, and changing demographics have contributed to this stagnation. But if growth is slow, the media battle for market share is jumping. Tv is far and away the preferred medium; and now coupons and inserts are taking a prominent role.

**P**icture Ron and Wendy Smith.

Both working, they have three children in grade school, a home in a large American city — and like many people, are hard bitten by inflation and struggling to pay the bills.

A few years ago they would have taken a break a couple nights a week to eat out at one of the ubiquitous fast

food outlets in their town — the food was cheap and the service fast and reliable. Now they are spending more time around their own dinner table.

The reason: in 1980, it has become more economical for a family of this size to eat at home than out.

The fast food industry has taken note of this fact as it enters the tough-

est marketing year in its short history.

Though the economy isn't the only reason behind the fall-out, it is the biggest one. Once thought to be less recession sensitive than other industries, fast foods have come on hard times. According to several sources, fast food chains posted negative gains in real sales volume late last year after galloping along a 7%-10% growth per year over the last decade. These same sources claim that better times are ahead, but the halcyon days of unimpeded gains are gone.

Besides the negative state of the economy, there are some other

industry sales shows that between 1978 and '79 fast food burger sales increased 16.5%, but it goes on to say that a "goodly" part of this figure is attributable to price increases.

• **Gasoline:** The petroleum business and the fast food business have a symbiotic relationship — when people can't get gas they don't drive as often to their favorite restaurant. Fastfooders discovered this during the 1974 oil embargo; the same thing occurred in 1978. Says Bill Trainer, vp at Merrill Lynch: "After the '74 gas shortage people got back into their old driving habits. It did not happen this time.

Another demographic trend that fast food marketers are beginning to adjust their sights to is the aging of the American population. Simply put, "As kids we would eat five hamburgers a week," says Bury, "As adults, we don't."

Though still heavily reliant on kids (McDonald's and Burger King are powerhouses in Saturday morning tv), fast food chains are now using their marketing and media muscles to embrace a broader spectrum of the population. Wendy's, for example, discovered its key to success through adult males — the "hot and juicy" hamburger is large, for large appetites.

• **Saturation:** To anyone who has travelled the highways of America, it is no secret that the fast food phenomenon is in full force. Some might say that it has matured. With thousands of restaurants and dozens of chains, the big operators are finding that their share dominance is being assaulted from all sides. Many chains cater to different tastes and different sized budgets — and with this sort of specialization the biggies are finding it tougher and tougher to maintain sales. Needless to say, the media expenditures in the marketing battle ahead call for massive outlays — mostly in tv.

#### New product craze

For those not suffering from a big Mac attack, there's always the Mc-Chicken sandwich. Or maybe a chopped steak sandwich. Perhaps the most significant development in fast foods over the last year has been new product proliferation. All of the major chains have expanded their menus in the hopes of attracting customers not necessarily fond of hamburgers. And this expansion has proven enormously successful. Burger King reports that 25%-30% of all sales come from sandwiches, which means that three out of ten sandwiches sold are not hamburgers. McDonalds is notching 20% of its sales in the non-hamburger category.

There are numerous factors contributing to this change in direction, but the big one is to stave off the slump in the hamburger arena, according to sources. With a wider variety of food offered, there are more reasons to make a trip to the local Restaurant.

One potential hazard to the new



Young & Rubicam's strategy for client **Kentucky Fried Chicken** is to emphasize the value and quality of chicken. After several years of hard times, the chain is beginning to turn around, as the public is clamoring for chicken. **Paul Knopf** heads up national co-op ads.

clinchers that have proven inauspicious:

• **Beef:** Wholesale prices shot up two years ago and fast food outlets had to counter this with a higher ticket for their basic food item, the hamburger. Though inflation has since declined, the damage was done, some claim. Price-conscious Americans have not turned to their favorite food-stuff as enthusiastically as in past years. A Lehman Brothers Kuhn Loeb report on

Travel by car is lower this year even with the availability of gas."

• **Working Women:** When the female work force blossomed, so did fast food sales. Squeezed for time, working women turned more frequently to fast food for sustenance. But this work force segment is growing less rapidly than in the recent past. "The trend seems to have run its course," comments Roy Bury, an analyst with Kidder Peabody.

product phenomenon is that it could create an impediment to speed: Notes Carl DeBiase of Sanford C. Bernstein, "If fast food becomes slow food, these guys have problems."

Chicken is the new darling of the industry. Each of the three major chains have their own version of a chicken sandwich and they report that it is selling briskly. Though advertising is still geared to plugging the burger, major promotional events are trumpeting the advent of chicken.

Breakfast fare has also proven a boon to business. After McDonald's successfully weaned the breakfast market with its Egg McMuffin, Burger King followed with its own version. Hardee's, the first to develop the breakfast daypart, recently introduced the "homemade biscuit breakfast" which is a full-sized meal served with a fresh batch of biscuits. Hardee's has a good reason to devote so much attention to its breakfast line-up: it contributes 30% of the chain's total sales.

#### **Tv Guns**

Fast food marketers target as potential customers just about anybody with a mouth. That's a hint of the main thrust of most company's media strategies.

Television is the battleground in the heated struggle for market share. Fast fooders have always liked the medium because it enhances the food product. But the mass coverage is perhaps more important. The total net tv outlay for the industry hovered close to \$140 million in 1979. Spot tv reached a staggering \$282 million. The top four chains, McDonald's, Burger King, Kentucky Fried Chicken, and Wendy's, commanded 79% of the net tv outlay.

Spot tv figures for all chains are usually based on a percentage of a given market's sales. Co-ops among franchisers and owned and operated stores are formed in ADIs/DMA's and the exact figure is agreed upon — thus budgets vary across the board.

The head office will usually encourage its co-ops to meet a minimum base — and they'll strongly encourage the use of tv. Usually this minimum base is fixed at 3% of sales though some chains are known to go above and below this. McDonald's, for instance, suggests its stores allocate 5%

of sales to advertising. This is apparently the highest in the business.

Curiously, magazines have fared poorly in fast food media plans: McDonald's has the only appreciable expenditure, at \$1.5 million.

This doesn't mean that print is bypassed: one of the big stories in fast food media strategy this year is the coupon and insert craze. One chain, Arby's, reported a 50% increase in its national insert usage. Others are also accelerating usage, though at a somewhat less heady pace than Arby's. Almost all are finding inserts valuable in trumpeting cents-off bargains and for promotional events.



**Ray Frye**, account executive at **Long John Silver's** in-house agency Abbott: "Value is becoming important to the consumer. In the fast food business it's who can deliver the best product for the best price possible."

This year should see the initiation of some unusual and aggressive marketing/media strategies in the fast food business: Following is a look at what some of the major chains are doing.

#### **McDonald's**

McDonald's is the Procter & Gamble of the fast foods business — or perhaps it would be more accurate to say P&G is the McDonald's of the package goods business. Whichever, both are far and away the leaders in

their respective fields. Both far outspend their nearest competitor and both enjoy whopping market share advantages.

McD's sales hit \$3 billion for the first six months of 1980, giving it a comfortable lead over Burger King's \$1.4 billion in total sales for 1979.

But when winds buffet the industry as they are doing now, McDonald's is the first to catch a chill. The company has swiftly initiated some antidotes however: the McChicken sandwich was unveiled quickly in response to consumer demand; a chopped steak sandwich came out shortly after; steak was added to the night time menu but was withdrawn when customer crushes slowed down operations; and to tout all of this, the company has surged forward with media expenditures that have increased roughly 20% annually over the last four years. An industry publication, *Financial Institutes*, estimates that McD's will spend \$200 million on its 1980 media effort.

Spot television is the big spike in McD's strategy. OPNAD, the company's local media planning unit, draws up this strategy for 6,000 stores. Supporting this are 75 local agencies which give their own input for the co-ops. Spot tv expenditures in 1979 ran over \$75 million.

McD's spending patterns in network tv show the hottest area of interest for the company, however. Net expenditures have grown 60% in three years; spot tv has grown 28%.

Magazines have also begun to hit their stride with this giant fast fooder: spending \$470,000 in 1978, the company changed directions and added \$1 million to that figure in 1979 — a 225% increase. This is partly attributable to stepped up promotional activity. Some of the books used are *Better Homes & Gardens*, *Life*, *Newsweek*, *People*, *Sports Illustrated*, *Time*, and *Woman's Day*.

#### **Wendy's**

Perhaps part of McD's network splurge has been in response to Wendy's aggressiveness, a company which in recent years has strongly asserted itself in the network marketplace. Coming from virtually a zero base in media expenditures in 1973, this chain suddenly found \$20 million in 1979 to help expand its \$1 billion in sales

## Media spending for leading Fast Food Brands — 1979

| Chain                  | total                | magazines          | supplement      | net tv               | spot tv              | outdoor            | spot radio          |
|------------------------|----------------------|--------------------|-----------------|----------------------|----------------------|--------------------|---------------------|
| Collins Food           |                      |                    |                 |                      |                      |                    |                     |
| Sizzler Steak          | \$ 7,990,200         | —                  | —               | —                    | \$ 7,864,000         | \$ 67,000          | \$ 38,595           |
| Denny's                | 4,866,400            | —                  | —               | —                    | 4,027,200            | 48,500             | 790,650             |
| General Foods          |                      |                    |                 |                      |                      |                    |                     |
| Burger Chef            | 5,906,800            | —                  | —               | —                    | 5,438,000            | 190,600            | 278,170             |
| General Mills          |                      |                    |                 |                      |                      |                    |                     |
| Red Lobster            | 13,953,600           | —                  | —               | 177,600              | 12,880,100           | 52,700             | 942,990             |
| Hardee's               | 8,915,500            | —                  | \$63,300        | —                    | 6,846,400            | 256,700            | 1,749,100           |
| Heublein               |                      |                    |                 |                      |                      |                    |                     |
| Kentucky Fried Chicken | 32,264,900           | —                  | —               | 17,233,700           | 14,322,100           | 390,500            | 686,104             |
| Dairy Queen            | 6,017,400            | —                  | —               | —                    | 5,365,100            | 93,600             | 558,758             |
| Jerico                 |                      |                    |                 |                      |                      |                    |                     |
| Long John Silvers      | 12,605,400           | —                  | —               | 1,876,000            | 10,449,900           | 15,100             | 114,380             |
| Marriot                |                      |                    |                 |                      |                      |                    |                     |
| Bob's Big Boy          | 5,772,100            | —                  | —               | —                    | 5,745,800            | 26,300             | —                   |
| Roy Roger's            | 3,654,200            | —                  | —               | —                    | 3,219,600            | 60,600             | 373,980             |
| McDonald's             | 142,339,200          | 1,519,000          | —               | 82,456,300           | 75,334,200           | 2,383,100          | 646,616             |
| Mrs. Paul's Kitchens   |                      |                    |                 |                      |                      |                    |                     |
| Arthur Treacher's      | 8,519,700            | 14,900             | —               | —                    | 7,589,300            | 17,400             | 898,090             |
| Pepsico                |                      |                    |                 |                      |                      |                    |                     |
| Pizza Hut              | 14,411,000           | 9,500              | —               | 10,363,800           | 3,510,000            | 59,100             | 468,620             |
| Taco Bell              | 8,112,600            | —                  | —               | —                    | 7,357,200            | 2,600              | 752,760             |
| Pillsbury              |                      |                    |                 |                      |                      |                    |                     |
| Burger King            | 45,109,400           | 52,800             | —               | 21,403,200           | 22,201,700           | 527,800            | 898,790             |
| Ponderosa              | 8,062,300            | —                  | —               | 3,677,300            | 4,335,700            | 21,100             | 25,107              |
| Ralston Purina         |                      |                    |                 |                      |                      |                    |                     |
| Jack-In-The-Box        | 10,031,200           | 12,700             | —               | —                    | 7,606,200            | 14,600             | 2,397,690           |
| Royal Crown            |                      |                    |                 |                      |                      |                    |                     |
| Arby's                 | 13,099,200           | —                  | —               | 3,423,500            | 9,496,300            | 157,500            | 21,850              |
| Sambo's                | 8,746,000            | 119,500            | —               | 7,620,500            | 866,600              | 22,100             | 58,695              |
| Wendy's                | 20,249,200           | —                  | —               | 8,866,200            | 10,839,300           | 448,900            | 99,809              |
| <b>Total industry:</b> | <b>\$448,769,700</b> | <b>\$6,514,400</b> | <b>\$97,700</b> | <b>\$138,711,700</b> | <b>\$282,733,200</b> | <b>\$8,683,000</b> | <b>\$11,700,760</b> |

Sources: LNA/BAR, RAB/RER. Included in totals but not in detail are small expenditures recorded for newspapers and network radio. Figures not available on larger use of newspapers locally.

(fourth in the industry after KFC, McD's and Burger King.)

Wendy's, as mentioned, found its niche by developing the adult market. But a sales slowdown, which outpaces what the overall industry has been experiencing, has told the company it is time to climb new mountains. A salad bar was added to restaurants for divergent tastes of women (who apparently have greater salad addictions than men); a chicken breast sandwich has

made its debut; and a so-called "fun pack" for children is now on the menu which features a kid size hamburger.

A Wendy's source notes that a new agency search is underway — and that the company is currently reevaluating its entire marketing program.

### Burger King

When president Don Smith — who has been dubbed the "Fred Silverman" of the fast food business — left the halls of BK for Pepsi Cola's Pizza

Hut a couple of years ago, many wondered whether the company would be able to regain its stride. Apparently it has, as it slipped past Kentucky Fried Chicken last year to become the number two company in the industry.

But it is not resting on its laurels: like McDonald's, BK has initiated a number of new strategies to lure customers. Games, new products, and gifts are in stores now because, in the words of Kyle Craig, group director of



Hardee's hopes the above ad running on spot tv will spice up its appeal to a younger crowd (18-40). The burger chain is concentrating on those areas where it's had traditional success. This means it will capitalize on youth, the southeast region, and its breakfast menu. Says **Casey Jones**, vp-account supervisor at agency Benton & Bowles: "You can't be all things to all people."



national advertising and sales promotion for the chain, "people need an extra reason to visit the stores — they are looking for variety in their eating experience."

Among the gimmicks used was a "Star Wars" glass promotion run during August and July. If the patron bought a Coke, he could buy a glass for an extra 35¢. 16½ million glasses were sold.

Net tv is still the mainstay for the mass message, taking over 90% of all national dollars, according to Craig. BK buys exclusively in prime time and Saturday morning: this carries the product and "thematic" message (eg. the "Star Wars" promotion.) Prime time is used for the 18-34 market — top-rated shows are tagged.

Radio time is bought on the two black radio networks for BK's ethnic skew; local markets also pick up radio time for promotion and to extend reach. MOR stations are also bought for the teen and young adult market.

BK hasn't followed the rest of the pack in using coupons: the reason, according to Craig, is that rather than discounting the product the company prefers to attract prospects with games and promotions.

#### Arby's

When Royal Crown picked up this small chain in 1977 it wasn't under the best of circumstances — giant McDonald's was barn storming the rest of the industry. But under careful tutelage Arby's has managed to carve a 4% market share (by comparison, McD's has a 19% share and nearest contender Burger King has a 5.9% share of market.)

The chain got a boost a couple of years ago when it lured two top executives from BK during a time of extensive management shake-ups at several Pillsbury divisions. The two are Chris Shoenleb, exec vp, and Larry Krueger, vp-marketing, who spent a year at Kentucky Fried Chicken before making the move to Atlanta and Arby's.

Under Krueger's direction, Arby's will be going head to head with the majors in 1980. The new strategy calls for added emphasis on network tv — the home turf of McD's. The new move will be to concentrate dollars. In the past, scatter buying ruled the strategy.



**Burger King** is using a slew of gimmicks, promotions, games, and new products to bring customers into its stores. Comments **Kyle Craig**, group director of national advertising and promotion for the chain: "People need an extra reason to visit the stores — they are looking for variety in their eating experience."

Says Krueger, "Our feeling is that with limited dollars, scatter buying is not the most effective way to get the most for your money." The new network schedule began in October; its basic function will be to support the overall campaign — and to provide backup for those restaurants in certain markets that can't afford tv.

Sports and prime time were tagged for the new effort. Both are used for different reasons. Sports gives the male audience — "an important part of the business," notes Krueger — as well as the usually unmeasured college crowd inhabiting fraternities, bars, and lounges. The prime time buy achieves two goals: picking up the all family audience and re-enforcing the female skew.

Arby's can't afford a separate kids' effort in their media plan, so the company settles for late night tv, which is a good second best. For the individual franchisee buying spot, the head office encourages early and late fringe, to reach the female target.

Radio, a mini-buy for Arby's, is used variously for promotional value, tv supplement, and for those markets that cannot meet the tv bill.

When at Burger King, Krueger mulled over whether to write magazines into a plan, but he questioned

their effectiveness for food items that thrived on sight and sound. Inserts are different: Arby's runs roughly 50 million inserts a year in such publications as *Parade* and *Family Weekly*. The free standing insert "is used to deliver a message and to deliver customers." The "message" is normally a coupon or two-for-one offer — a marketing device the fast fooders are using aggressively.

#### **Dairy Queen**

Figuratively speaking, DQ wears two hats: it sells a lot of "soft" ice cream and it sells hamburgers. As far as its ice cream sales are concerned, DQ is the undisputed king (or queen, if you will.) But now hamburgers and hot dogs scratch up 40% of total sales.

As such, DQ has reigned in one of the traditional media staples in fast food advertising, tv. 80% of its \$6 million budget goes into spot tv. The company likes tv for the mass market but uses it extensively to cast for an especially important market segment, young kids. Prime time, prime access, and early fringe are tagged to reach 18-34's with children and to reach the six to twelve-year-olds. (65% goes into early fringe.) DQ figures this is the way to get around the lock the majors have on Saturday morning tv. Net tv is bypassed for a simple reason:

the areas where DQ is weakest—Los Angeles, Chicago, and New York — are where the nets have their greatest delivery.

On the local level, DQ has managed to convince the franchised and owned operations to increase their tv budget 35% over the last year, according to Gary See, vp-marketing for the chain. This increase well exceeds the industry's average tv build-up for 1980, which, as estimated by *Finance Institutions*, is expected to grow 29%.

Next in importance for DQ comes its supplement buy. \$400,000 buys a full list of *Family Weekly* and *Parade*. This is used to back up the company's couponing efforts. Direct mail is used by one out of four stores: while running a national sweepstakes program DQ sent prospect homes scratch-off game cards.

#### **Burger Chef**

Like Goodrich tire, Burger Chef has the stigma of sharing a similar name with a larger competitor. But unlike Goodrich, this hasn't presented a problem for this burger chain. Explains Don Lum, director of marketing: "Burger King is not strong in the market where we are — and this is helpful." But in those markets where BC does have the wind to its back — Michigan, Indiana, Eastern Missouri,

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**McDonald's uses magazines**, in part, for its black effort. This one appeared in *Ebony* and *Essence*. It's one of the few fast food chains that write magazines into its media plan: this ad illustrates that some of the sight and sound tv gives can also be transferred by print.

West Pennsylvania, Ohio, and West Virginia — McDonald's is the dominant power. So instead of trying to bowl over the king pin, BC has concentrated on a specific market: the adult male. To reach him, BC buys heavy spot during early and late fringe and prime time. Pre-teens kids are now of secondary importance for the chain.

To realign itself, BC concentrated on its lunch and dinner menus. Creative has centered on its man-sized Top Chef, a large hamburger, and Chicken Club. Its menu will continue to be diversified to make dinner and breakfast a more attractive alternative for the

working male. BC also wants less reliance on beef because of inflated prices. Lum draws the line on this expanded variety: "We're still a long way from peanut butter and jelly."

#### **Kentucky Fried Chicken**

After a decade of serious internal management problems, this mass marketer of fried chicken goodies has put itself firmly back on its feet, according to industry observers. Back in the early seventies KFC violated some sacred fast food tenets: food quality changed store to store, service varied all over the lot, and store decor ranged from acceptable to tasteless.

All of this has changed as the company has steered into a "back-to-basics" program. KFC chairman Michael Miles formally instituted a buzz work that signifies this change in direction. The jaw breaker reads "qscvfoofamp" and means quality, service, cleanliness, value, facilities, other operating functions, advertising, merchandising, and promotion — in other words, KFC is placing emphasis on all things that had been more or less ignored. Value is an essential word in the lineup as it pintpoints KFC's position against the Burger Kings and McDonalds. The company's current theme is "good food, good value."

Three years ago the chicken chain began to turn things around. The first step was a new agency for the national account: Young & Rubicam. Y&R embarked on the value campaign and emphasized the quality of chicken over burger items. Step two was to hold up media dollars. This expansion was partly to keep pace with inflation but more to maintain share of voice. A third and essential step was to bind the chains' 4,291 stores together so that a common goal could be worked out. One of the early sticking points was that each store very often went its own way. 60 to 70 co-ops were formed.

From Louisville headquarters, Paul Knopf, president of KFC National Co-op Advertising Program, Inc., has control over this grand design. Knopf provides the national media clout the individual co-ops can't afford and he makes recommendations to the company's individual components on how best to use their media dollars.

National media is a \$17.5 million net tv buy. KFC believes this gives added strength to the \$14.3 million in spot tv buys made around the country. Three dayparts are used: primetime, to net "everybody" in the 25-49 category; daytime, for women 18-34 with children; and sports, to balance the delivery. Perhaps the only fast fooder who makes an appreciable buy in daytime tv, Knopf explains "we're very interested in reaching women with children because we believe they are the key decision makers in food purchasing."

Knopf says that he is also suggesting to the co-ops that newspapers get tagged for their local efforts, though in-

serts are bypassed: "We're using newspapers as vehicles for delivering coupons. We don't do inserts because our testing shows that in ROP vs. insert, ROP comes out more efficient."

#### Long John Silver's

As with KFC value is the catchword for this growing sea food chain. And because its mainstay markets are mostly land locked states, the fact that it sells fish instead of beef has proven a boon. Says Ray Frye, account exec at Long John's in-house agency Abbott: "Value is becoming important to the consumer. In the fast food business it's who can deliver the best product for the best price." The prospective consumer thus sees ad copy that displays dishes of fish fillets, shrimps, clams, scallops, or chicken planks — and price.

Long John's buys spot tv in 38 states, covering 1,050 stores. The bulk of its \$12 million budget finds its way to Texas, Oklahoma, Kansas, Ohio, and Kentucky. The company has re-

trenched in the northeast after sales didn't materialize because, according to Frye, "it is a sophisticated fresh fish market."

#### Hardee's

This 1,300-store-strong chain has taken stock of its place in the world of hamburgers. Like the majors, it has diversified its menu (and will soon be testing chicken), has built up its breakfast day part, and new stores are springing up.

Hardee's has narrowed its marketing effort to the 25-40 age category, and is concentrating its growing media effort in the south east, where it is strongest.

Simply put, the new market situation is "the survival of the fittest," notes Dick Diemer, director of marketing management. This survival means concentrating on areas where strengths already exist. Hardee's new pragmatism is reflected in a comment by Casey Jones, the account supervisor at Hardee's New York agency, Benton &

Bowles: "You can't be all things to all people."

Media-wise, spot tv is bought heaviest in markets where sales are strongest. The 1980 buy will top \$13 million. Radio is used to support tv and carries both generic and promotional messages.

On couponing and inserts, Diemer expressed some ambivalence: "Couponing is a valid tool if it's used for a specific marketing purpose. The problem we experienced is that by using it too regularly people started to hold back for the coupon and were not buying at full price." Though research didn't show that this was actually happening, the gut feeling was that couponing was hampering the chain from achieving sales goals. "After expiration of the coupons," says Diemer, "our sales would go back to normal."

Inserts run regularly in national supps every Sunday.

— Verne Gay

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\* "Worcester Facts" Yankelovich, Skelly & White 1979.  
\*\* ABC Audit Report, 1980

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